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MEDICAL INSIGHTS DIAGNOSTIC
CENTERS, INC.; VIRGIL L. WILLIAMS;
JOHN A. LYNCH; and ARTHUR T.
GRONNER

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

PHILIPS MEDICAL CAPITAL, LLC, a
Delaware limited liability company,

Plaintiff,

v.

MEDICAL INSIGHTS DIAGNOSTIC
CENTERS, INC., a California
Corporation; VIRGIL L. WILLIAMS,
an individual; JOHN A. LYNCH, an
individual; ARTHUR T. GRONNER, an
individual and as Trustee of the Arthur
T. and Bonnie S. Gronner Trust dated
December 9, 1993; ARTHUR T. AND
BONNIE S. GRONNER TRUST
DATED DECEMBER 9, 1993 and
DOES 1-10, inclusive,

Defendants.

Case No. C 06-4470 JSW

**JOINT STIPULATION AND ~~[PROPOSED]~~
ORDER OF DISMISSAL WITH
PREJUDICE OF PHILIPS MEDICAL
CAPITAL LLC, ETC.'S COMPLAINT**

Location: Courtroom 2

Judge: Hon. Jeffrey S. White

Trial Date: April 14, 2008

Original State Court Action Filed: April 14, 2006

(caption continued on next page)

Joint Stipulation and ~~[Proposed]~~ Order of
Dismissal with Prejudice of PMC's Complaint

Case No. C 06-4470 JSW

MEDICAL INSIGHTS DIAGNOSTIC
CENTERS, INC., a California
Corporation; VIRGIL L. WILLIAMS,
an individual; JOHN A. LYNCH, an
individual; ARTHUR T. GRONNER, an
individual and as Trustee of the Arthur
T. and Bonnie S. Gronner Trust dated
December 9, 1993; ARTHUR T. AND
BONNIE S. GRONNER TRUST
DATED DECEMBER 9, 1993 and
DOES 1-10, inclusive,
PHILIPS MEDICAL CAPITAL, LLC, a
Delaware limited liability company, and
ROES 1-10, inclusive,

Counterclaimants,

v.

PHILIPS MEDICAL CAPITAL, LLC, a
Delaware limited liability company, and
ROES 1-10, inclusive,

Counter-defendant.

MEDICAL INSIGHTS DIAGNOSTIC
CENTERS, INC., a California
Corporation; VIRGIL L. WILLIAMS,
an individual; JOHN A. LYNCH, an
individual; ARTHUR T. GRONNER, an
individual and as Trustee of the Arthur
T. and Bonnie S. Gronner Trust dated
December 9, 1993; ARTHUR T. AND
BONNIE S. GRONNER TRUST
DATED DECEMBER 9, 1993 and
DOES 1-10, inclusive,
PHILIPS MEDICAL CAPITAL, LLC, a
Delaware limited liability company, and
ROES 1-10, inclusive,

Third-party Plaintiff,

v.

PHILIPS MEDICAL SYSTEMS
NORTH AMERICA, a Delaware
corporation,

Third-party Defendant.

Plaintiff Philips Medical Capital, LLC (“PMC”) and Defendants Medical Insights

Diagnostic Centers, Inc. (“MIDC”), Virgil Williams (“Williams”), John A. Lynch (“Lynch”) and

Arthur T. Gronner, an individual and as trustee of The Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 (collectively, “Gronner,” and Gronner collectively with MIDC, Williams, and Lynch “the MIDC Parties”); and former third-party defendant Philips Medical Systems North America Company, a division of Philips Electronics North America Corporation (“PMSNA”), submit this stipulation and proposed order dismissing with prejudice PMC’s Complaint against the MIDC Parties

I. BACKGROUND

On or about April 14, 2006, PMC commenced an action against the MIDC Parties and The Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 (the “Trust”), in the Superior Court of the State of California in and for the County of Contra Costa, titled *Philips Medical Capital, LLC v. Medical Insights Diagnostic Centers, Inc., Virgil L. Williams, John A. Lynch, Arthur T. Gronner, and the Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993, and Does 1-10*; Case Number C06 00676 (the “State Court Complaint”).

On or about June 16, 2006, the MIDC Parties and the “Trust” asserted cross-claims against PMC and commenced a third-party action against Philips Medical Systems North America Company, a division of Philips Electronics North America Corporation, a Delaware Corporation (“PMSNA”) (incorrectly denominated therein “Philips Medical Systems North America, a Delaware corporation”) in the Superior Court of the State of California in and for the County of Contra Costa, titled *Medical Insights Diagnostic Centers, Inc., Virgil L. Williams, John A. Lynch, Arthur T. Gronner, and the Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 v. Philips Medical Capital, LLC, Philips Medical Systems North America, Inc., and Roes 1-10, inclusive*, Case Number C06 00676 (the cross-claims and the third-party action are collectively referred to herein as the “Cross-complaint,” and the Cross-complaint collectively with the State Court Complaint, the “State Court Action”)

On or about July 21, 2006, PMSNA removed the State Court Action to this Court.

On or about August 18, 2006, the MIDC Parties amended their Cross-complaint (the “Amended Counterclaim”).

On or about August 20, 2007, the parties filed a Joint Stipulation and [Proposed] Order of

Dismissal with Prejudice of the MIDC Parties' Counterclaim and Third Party Complaint. On August 22, 2007, this Court signed and entered the Order of Dismissal with Prejudice of the MIDC Parties' Counterclaim and Third Party Complaint.

II. DISMISSAL

The parties have agreed to a mutually acceptable resolution of the Complaint. Thus PMC, the MIDC Parties and PMSNA, by and through their respective counsel, hereby stipulate pursuant to Federal Rule of Civil Procedure 41(a)(1) to the dismissal with prejudice of the Complaint and all causes of action and claims against all parties named therein.

Each party shall bear its own costs and attorneys' fees.

SO STIPULATED.

Dated: October 8, 2007

HANSON BRIDGETT MARCUS VLAHOS
RUDY, LLP

By _____
Christopher R. Miller
William T. Webb
Attorneys Defendants, Counterclaimants,
and Third-Party Plaintiffs MEDICAL
INSIGHTS DIAGNOSTIC CENTERS,
INC., a California Corporation; VIRGIL
L. WILLIAMS, an individual; JOHN A.
LYNCH, an individual; ARTHUR T.
GRONNER, an individual and as Trustee
of the Arthur T. and Bonnie S. Gronner
Trust Dated December 9, 1993

Dated: October 8, 2007

MORGAN, LEWIS & BOCKIUS LLP

By _____ /s/
Diane L. Webb
Attorneys for Former Third-Party
Defendant PHILIPS MEDICAL
SYSTEMS NORTH AMERICA, a division
of Philips Electronics North America
Corporation, a Delaware Corporation

Dated: October _8, 2007

GLASS & GOLDBERG

By /s/
Marshall F. Goldberg
Attorneys for Plaintiff and Counter-
defendant PHILIPS MEDICAL CAPITAL,
LLC

ORDER

AS STIPULATED BY THE PARTIES, IT IS SO ORDERED.

October 10
Dated: ~~September~~ __, 2007


Jeffrey S. White
U.S. District Court Judge in and for the
Northern District of California